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BETWEEN THE SECRETARIES OF WAR AND THE TREASURY, ON THE SUBJECT OF A DEFICIENCY OF FUNDS.

CONFEDERATE STATES OF AMERICA,
War Department,
Richmond, Va., Dec. 29, 1864.

Hon. G. A. TRENHOLM, Secretary of the Treasury:

SIR:—I have examined the paper of Gen. E Kirby Smith, referred by you the 23d inst, in which the indebtedness of the Trans-Mississippi Department is approximately stated for the year ending 30th of September, 1864, at $60.333,099
He includes under the title of amounts due, 20,277,465
And from estimates, 40,055.634

To this amount is to be added the debts contracted since that date.

A portion of this sum has been remitted, but it is supposed that the debt is quite as large now, or larger than it was, the 30th of September ult.

The requisitions of the Quartermaster General unanswered now amount to the sum of $128,360,584 87
Those of the Commissary General, 34,002,684 65
The Ordnance service in arrears, 5,640,388 00
The Medical service " 3,090,333 00
The Engineer service " exclusive of Tr-Miss, 5,000,000 00
The Nitre and Mining service, 5,600,000 00

The Department is constantly importuned for the payment of money due for necessary supplies which have already been furnished, and is constantly advised that supplies cannot be obtained for the want of the requisite funds. Its whole service is in a fair way to perish from inanition.

I am satisfied that the discredit of the government has arisen, in a measure, from the delay that has been made in the liquidation of these pressing, urgent and meritorious claims. I am aware of the many strong considerations that induce the restriction of issue as far as practicable, but I venture to suggest, that the currency itself probably suffers more discredit from the failure to meet the engagements of the government, than could result from inflation by the issue necessary to redeem them.

You can scarcely realize to what extent the inability or failure to meet the obligations of the department has been prolific of mischief. It has been the occasion or excuse for desertion, marauding,

sale of clothing and equipments, among soldiers. It has prevented the accumulation of supplies; it has affected the efficiency of transportation; it has produced carelessness or indifference among contractors; officers are resentful, and soldiers reckless, discontented and suffering.

Most serious apprehension that unless the indebtedness of this department now existing, can be provided for without delay, that its operations cannot, with daily increasing obstructions, embarrassments and antagonisms among the people themselves, be carried on. I am constrained to invoke your earnest attention to the subject to urge the immediate application of all practicable means of relief.

Very truly yours,

(Signed) JAMES A. SEDDON,
Seretary of War.

TREASURY DEPARTMENT,
Richmond Dec. 31, 1864

Hon. JAMES A. SEDDON, Secretary of War:

SIR:—I have the honor to acknowledge the receipt of your letter of 30th instant, and to express my sincere regret at the embarrassment arising from the inadequate supply of means at the command of the War Department. That there should be so large an amount of requisitions unsatisfied does not proceed, as supposed, from the effort to restrict the issue of treasury notes. However desirable it was to repress the enlargement of the currency, it was clearly impossible to withhold any part of the proportion of notes applicable to the payment of expenditures. After making the necesssary reservation for the exchange of the old issue as provided by law, the largest amount that remained and could be applied to the payment of expenditures was estimated at $200,000,000.

Of this amount $100,000,000 had already been paid out on requisitions up to 1st July 1864, leaving only $100,000,000 available to meet the appropriations for the six months, from 1st July to 31st December, 1864. The appropriations for the War Department for that period, are $358,245,000

The requisitions satisfied in the same period are,	320,721,116
The amount sent to the Trans-Mississippi Department in notes, bonds and certificates, is	47,000,000
	367,721,116

The amount paid in treasury notes from 1st April to 31st Decem-

ber, is $397,260,209, from which it appears that not only has the $200.000,000 authorized by the provisions of the Act of 17th of February, been applied in the satisfaction of requisitions, but also a further sum of $197,260,209, derived from the sale of bonds, temporary loans and other sources.

It will be perceived, too, that a sum equal to the appropriations for the last six months, was paid in that period, and that the embarrassment really arises from the pre-existing indebtedness. The *data* for determining the arrears of debt in July last, were quite imperfect. It was estimated, by my predecessor, at $75,000,000, on the 1st of April, (Report of May 2, page 4.) In my report of November 7, I estimated it to have been $114,000,000, on the 1st of July last, and recommended that provision should be made for this amount. On the 15th of December, I addressed a letter to Hon. F. S Lyon, Chairman of the Committee of Ways and Means, pressing on his attention the necessity of prompt action in making provision to meet the estimates for the approaching six months and the arrear of debt.

Among the resources of the future, I rely upon obtaining about $40,000,000 from the tax on sales for the last quarter of the year, and the income tax, which are payable on the 1st of January, 1865, and consequently receivable in new issues. I relied upon this source to defray the arrear of pay due the army.

The accompanying table exhibits the appropriations for the several Bureaus of the War Department, and the amount of requisitions satisfied for them respectively.

Yours, most truly,

(Signed) G. A. TRENHOLM,

Secretary of the Treasury.

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